

SECRET

SABO-5936
Copy 1 of 4

4 May 1956

MEMORANDUM FOR THE RECORD

SUBJECT: Review of Subcontracts with Hycon Mfg. Company and Spica, Inc.

1. Hycon Mfg. Company — The work authorized under Supplemental Agreement No. 2 with this subcontractor corresponds with that contained in Appendix I of Supplemental Agreement No. 2 to Contract No. SC-21-54 with the prime contractor, Perkin-Elmer Corp. Supplemental Agreement No. 2 to the subcontract results in an increase to the target price of \$164,103, from \$3,452,894 to \$3,616,997. Applying the same rates as computed under the basic subcontract to Supplemental Agreement No. 2 to the subcontract, it has been found that the target profit of \$298,652 set forth in sub-section 1, section I, "Price Redetermination;" the maximum price of \$3,948,831 set forth in Sub-section 5(b); and the estimated target cost and profit of \$3,318,345 and \$298,652, respectively, referred to in Sub-section 5(c) of Supplemental Agreement No. 2 are correct.

2. Spica, Inc. — The work authorized under Supplemental Agreement No. 1 with this subcontractor corresponds with the additional work authorized in Item 20 in Supplemental Agreement No. 2 to the prime Contract, No. SC-21-54. The additional work authorized in Supplemental Agreement No. 1 to the subcontract increases the contract price thereof by \$11,400 from \$28,000 to \$39,400.

3. In view of the fact that the prime contract has been properly amended by prime Supplemental Agreement No. 2 to cover all work and services included in the above-referenced supplemental agreements, and since the latter mentioned supplemental agreements are correct and in proper form, it is recommended that they be approved for execution between the contracting parties.

25X1

Distribution:

Orig - OCTROI Master
2 - P-E Sub-Hycon
3 - Chrono
4 - Reading

SECRET